

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>TOWNSHIP OF LEIGHTON</b>	County <b>Allegan</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>6/30/04</b>	Date Accountant Report Submitted to State: <b>9/22/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Siegfried Crandall PC</b>			
Street Address <b>246 East Kilgore Road</b>		City <b>Kalamazoo</b>	State <b>MI</b>
		ZIP <b>49002-5599</b>	
Accountant Signature 			Date <b>9/22/04</b>

*Township of Leighton*  
*Allegan County, Michigan*  
**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2004*

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## INDEPENDENT AUDITORS' REPORT

**Board of Trustees  
Township of Leighton, Michigan**

We have audited the accompanying general purpose financial statements of the Township of Leighton, Michigan, as of March 31, 2004, and for the year then ended, as listed in the contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Leighton, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund statements, as listed in the contents, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Township of Leighton, Michigan. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

*Siegfried Crandall P.C.*

June 30, 2004

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

**Township of Leighton**  
**COMBINED BALANCE SHEET - all fund types, account groups, and**  
**discretely-presented component unit**  
*March 31, 2004*

	<u>Governmental fund types</u>		<u>Fiduciary fund type</u>
	<u>General</u>	<u>Special revenue</u>	<u>Agency</u>
<b>ASSETS</b>			
Cash	\$ 37,733	\$ 600,341	\$ 35,951
Investments	47,435	201,595	5,019
Receivables:			
Accounts	13,926	-	-
Taxes	9,538	25,578	-
Special assessments	-	777	-
Due from other funds	100,551	39,256	-
Due from other governmental units	33,992	-	-
Prepaid expenses	925	-	-
Fixed assets	-	-	-
Amount to be provided for retirement of long-term debt	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 244,100</u></b>	<b><u>\$ 867,547</u></b>	<b><u>\$ 40,970</u></b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 12,197	\$ 1,205	\$ -
Due to other funds	38,890	98,325	2,592
Due to other governmental units	-	-	38,378
Customer deposits	-	3,000	-
Long-term debt	-	-	-
<b>Total liabilities</b>	<b><u>51,087</u></b>	<b><u>102,530</u></b>	<b><u>40,970</u></b>
<b>FUND EQUITY:</b>			
Investment in general fixed assets	-	-	-
Contributed capital	-	-	-
Retained earnings - unreserved	-	-	-
Fund balance - unreserved, undesignated	193,013	765,017	-
<b>Total fund equity</b>	<b><u>193,013</u></b>	<b><u>765,017</u></b>	<b><u>-</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 244,100</u></b>	<b><u>\$ 867,547</u></b>	<b><u>\$ 40,970</u></b>

<i>Account groups</i>		<i>Totals (memorandum only)</i>	<i>Component unit</i>	<i>Totals (memorandum only)</i>
<i>General fixed assets</i>	<i>General long- term debt</i>	<i>Primary government</i>	<i>Leighton Township Green Lake Sewer Commission</i>	<i>Reporting entity</i>
\$ -	\$ -	\$ 674,025	\$ 462,970	\$ 1,136,995
-	-	254,049	-	254,049
-	-	13,926	4,613	18,539
-	-	35,116	-	35,116
-	-	777	400,000	400,777
-	-	139,807	-	139,807
-	-	33,992	-	33,992
-	-	925	-	925
1,700,968	-	1,700,968	2,445,244	4,146,212
-	58,800	58,800	-	58,800
<u>\$ 1,700,968</u>	<u>\$ 58,800</u>	<u>\$ 2,912,385</u>	<u>\$ 3,312,827</u>	<u>\$ 6,225,212</u>
\$ -	\$ -	\$ 13,402	\$ -	\$ 13,402
-	-	139,807	-	139,807
-	-	38,378	-	38,378
-	-	3,000	-	3,000
-	58,800	58,800	490,400	549,200
-	58,800	253,387	490,400	743,787
1,700,968	-	1,700,968	-	1,700,968
-	-	-	2,239,998	2,239,998
-	-	-	582,429	582,429
-	-	958,030	-	958,030
<u>1,700,968</u>	<u>-</u>	<u>2,658,998</u>	<u>2,822,427</u>	<u>5,481,425</u>
<u>\$ 1,700,968</u>	<u>\$ 58,800</u>	<u>\$ 2,912,385</u>	<u>\$ 3,312,827</u>	<u>\$ 6,225,212</u>

See notes to financial statements

**Township of Leighton****COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - all governmental fund types***Year ended March 31, 2004*

	<i>General</i>	<i>Special revenue</i>	<i>Totals (memorandum only)</i>
REVENUES:			
Taxes	\$ 162,292	\$ 406,897	\$ 569,189
Licenses and permits	94,129	-	94,129
State grants	258,387	475	258,862
Fines and forfeitures	-	25,708	25,708
Charges for services	14,725	-	14,725
Interest	3,866	8,931	12,797
Other	8,483	32,833	41,316
Total revenues	<u>541,882</u>	<u>474,844</u>	<u>1,016,726</u>
EXPENDITURES:			
Legislative	5,160	-	5,160
General government	177,136	-	177,136
Public safety	239,640	-	239,640
Public works	296,958	16,576	313,534
Recreation and cultural	1,589	113,866	115,455
Community and economic development	55,626	-	55,626
Health and welfare	5,000	-	5,000
Capital outlay	30,169	11,699	41,868
Debt service:			
Principal	29,400	-	29,400
Interest	4,887	-	4,887
Total expenditures	<u>845,565</u>	<u>142,141</u>	<u>987,706</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(303,683)</u>	<u>332,703</u>	<u>29,020</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	213,099	3,828	216,927
Operating transfers out	<u>(3,828)</u>	<u>(213,099)</u>	<u>(216,927)</u>
Total other financing sources (uses)	<u>209,271</u>	<u>(209,271)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(94,412)</u>	<u>123,432</u>	<u>29,020</u>
FUND BALANCE - BEGINNING OF YEAR	<u>287,425</u>	<u>641,585</u>	<u>929,010</u>
FUND BALANCE - END OF YEAR	<u>\$ 193,013</u>	<u>\$ 765,017</u>	<u>\$ 958,030</u>

*See notes to financial statements*



**Township of Leighton****COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND****BALANCES - BUDGET AND ACTUAL - general and special revenue funds**

Year ended March 31, 2004

	<i>General Fund</i>		
	<i>Budget</i>	<i>Actual</i>	<i>Variance favorable (unfavorable)</i>
REVENUES:			
Taxes	\$ 155,858	\$ 162,292	\$ 6,434
Licenses and permits	109,500	94,129	(15,371)
State grants	276,400	258,387	(18,013)
Fines and forfeitures	-	-	-
Charges for services	22,000	14,725	(7,275)
Interest	12,400	3,866	(8,534)
Other	10,200	8,483	(1,717)
Total revenues	<u>586,358</u>	<u>541,882</u>	<u>(44,476)</u>
EXPENDITURES:			
Legislative	5,360	5,160	200
General government	201,500	177,136	24,364
Public safety	283,500	239,640	43,860
Public works	187,554	296,958	(109,404)
Recreation and cultural	3,000	1,589	1,411
Community and economic development	34,300	55,626	(21,326)
Health and welfare	5,000	5,000	-
Capital outlay	40,450	30,169	10,281
Debt service:			
Principal	-	29,400	(29,400)
Interest	-	4,887	(4,887)
Total expenditures	<u>760,664</u>	<u>845,565</u>	<u>(84,901)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(174,306)</u>	<u>(303,683)</u>	<u>(129,377)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	120,000	213,099	93,099
Operating transfers out	-	(3,828)	(3,828)
Total other financing sources (uses)	<u>120,000</u>	<u>209,271</u>	<u>89,271</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(54,306)</u>	<u>(94,412)</u>	<u>(40,106)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>287,425</u>	<u>287,425</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 233,119</u>	<u>\$ 193,013</u>	<u>\$ (40,106)</u>

<i>Special revenue funds</i>			<i>Totals (memorandum only)</i>		
<i>Budget</i>	<i>Actual</i>	<i>Variance favorable (unfavorable)</i>	<i>Budget</i>	<i>Actual</i>	<i>Variance favorable (unfavorable)</i>
\$ 458,082	\$ 406,897	\$ (51,185)	\$ 613,940	\$ 569,189	\$ (44,751)
-	-	-	109,500	94,129	(15,371)
-	475	475	276,400	258,862	(17,538)
17,000	25,708	8,708	17,000	25,708	8,708
-	-	-	22,000	14,725	(7,275)
-	8,931	8,931	12,400	12,797	397
12,434	32,833	20,399	22,634	41,316	18,682
<u>487,516</u>	<u>474,844</u>	<u>(12,672)</u>	<u>1,073,874</u>	<u>1,016,726</u>	<u>(57,148)</u>
-	-	-	5,360	5,160	200
-	-	-	201,500	177,136	24,364
-	-	-	283,500	239,640	43,860
11,434	16,576	(5,142)	198,988	313,534	(114,546)
138,630	113,866	24,764	141,630	115,455	26,175
-	-	-	34,300	55,626	(21,326)
-	-	-	5,000	5,000	-
20,000	11,699	8,301	60,450	41,868	18,582
-	-	-	-	29,400	(29,400)
-	-	-	-	4,887	(4,887)
<u>170,064</u>	<u>142,141</u>	<u>27,923</u>	<u>930,728</u>	<u>987,706</u>	<u>(56,978)</u>
<u>317,452</u>	<u>332,703</u>	<u>15,251</u>	<u>143,146</u>	<u>29,020</u>	<u>(114,126)</u>
-	3,828	3,828	120,000	216,927	96,927
<u>(160,000)</u>	<u>(213,099)</u>	<u>(53,099)</u>	<u>(160,000)</u>	<u>(216,927)</u>	<u>(56,927)</u>
<u>(160,000)</u>	<u>(209,271)</u>	<u>(49,271)</u>	<u>(40,000)</u>	<u>-</u>	<u>40,000</u>
157,452	123,432	(34,020)	103,146	29,020	(74,126)
<u>641,585</u>	<u>641,585</u>	<u>-</u>	<u>929,010</u>	<u>929,010</u>	<u>-</u>
<u>\$ 799,037</u>	<u>\$ 765,017</u>	<u>\$ (34,020)</u>	<u>\$ 1,032,156</u>	<u>\$ 958,030</u>	<u>\$ (74,126)</u>

See notes to financial statements.

***Township of Leighton***

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -  
component unit - Leighton Township Green Lake Sewer Commission**

*Year ended March 31, 2004*

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OPERATING REVENUES:

Sewer usage charges \$ 93,758

OPERATING EXPENSES:

Administrative fees	4,900
Repairs and maintenance	6,555
Professional fees	1,875
Contract services	35,089
Insurance	2,343
Utilities and telephone	5,795
Depreciation	98,859
Meeting fees	1,300
Printing and postage	251
Miscellaneous	<u>3,148</u>

Total operating expenses 160,115

OPERATING LOSS (66,357)

NONOPERATING REVENUES (EXPENSES):

Interest revenue:	
Special assessments	20,700
Other	9,389
Hook-up fees	58,800
Interest expense and fiscal charges	<u>(24,363)</u>

Total nonoperating revenues 64,526

NET LOSS (1,831)

Add depreciation on fixed assets acquired by grants,  
externally restricted for capital acquisition and  
construction that reduces contributed capital 51,380

INCREASE IN RETAINED EARNINGS 49,549

RETAINED EARNINGS - BEGINNING OF YEAR 532,880

RETAINED EARNINGS - END OF YEAR \$ 582,429

*See notes to financial statements.*

**Township of Leighton**  
**STATEMENT OF CASH FLOWS - component unit - Leighton Township**  
**Green Lake Sewer Commission**  
Year ended March 31, 2004

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Cash flows from operating activities:	
Cash received from customers	\$ 93,450
Cash payments to suppliers for goods and services	<u>(61,256)</u>
Net cash provided by operating activities	<u>32,194</u>
Cash flows from capital and related financing activities:	
Hook-up fees	58,800
Assessment collections	50,000
Interest on special assessments	20,700
Interest paid on bonds	(23,163)
Principal paid on bonds	<u>(50,000)</u>
Net cash provided by capital and related financing activities	<u>56,337</u>
Cash flows from investing activities:	
Interest on investments	<u>6,349</u>
Net increase in cash	94,880
Cash - beginning of year	<u>368,090</u>
Cash - end of year	<u><u>\$ 462,970</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (66,357)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	98,859
Decrease in accounts receivable	<u>(308)</u>
Net cash provided by operating activities	<u><u>\$ 32,194</u></u>

See notes to financial statements.

**Township of Leighton**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Leighton, Michigan (the Township) conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant accounting policies:

*a) Reporting entity:*

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

The Leighton Township Green Lake Sewer Commission (the Commission) meets the criteria of a component unit and has been included in the Township's general purpose financial statements as a discretely-presented component unit. The Commission is reported in a separate column to emphasize it is legally separate from the Township. The Commission has a March 31 year end. The Commission's administrative office is located at 800 142<sup>nd</sup> Avenue, Wayland, Michigan 49348.

*b) Basis of presentation:*

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The financial activities of the Township are recorded in the separate funds and account groups, categorized, and described as follows:

*i) Governmental funds:*

General Fund - this fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are primarily derived from property taxes, state distributions, interest, and charges for certain services.

Special revenue funds - these funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

*ii) Fiduciary funds:*

Trust and agency funds - these funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Township of Leighton**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

*b) Basis of presentation (continued):*

*iii) Account groups:*

General fixed assets account group - this account group presents the fixed assets of the Township utilized in its general operations (nonproprietary fixed assets).

General long-term debt account group - this account group presents the balance of general obligation long-term debt, which is not recorded in proprietary funds.

*c) Basis of accounting:*

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

All governmental and fiduciary fund types are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt, which is recognized when due.

The Commission uses the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The Commission has elected to follow (1) all GASB pronouncements and (2) Financial Accounting Standards Board statements and interpretations, Accounting Principles Board opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

*d) Fixed assets:*

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds. Public domain ("infra-structure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets. Depreciation is recorded on the Commission's fixed assets using the straight-line method over 10 or 40 years.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

**Township of Leighton**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

*e) Budgets and budgetary accounting:*

The Township follows the procedures in establishing the budgetary data reflected in the financial statements in accordance with the Uniform Budgeting and Accounting Act (Act No. 621, Public Acts of 1978) as prescribed by the State of Michigan.

Budgets for the general and special revenue funds are adopted at the functional level and are on a basis consistent with generally accepted accounting principles.

*f) Receivables:*

All receivables are estimated to be fully collectible as presented.

*g) Property tax revenue recognition:*

Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on February 14, with the final collection date of February 28, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township reports property taxes levied December 1 as revenue of the current year.

*h) Totals (memorandum only):*

The total column on the combined statements is captioned "memorandum only" to indicate that it is prepared only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation as interfund eliminations have not been made.

NOTE 2 - CASH AND INVESTMENTS:

A reconciliation of cash and investments to the Township's deposits and investments, as shown in the combined balance sheet, is as follows:

	<u>Primary government</u>	<u>Component unit</u>	<u>Total</u>
<i>Financial statements:</i>			
Cash	\$674,025	\$462,970	\$1,136,995
Investments	<u>254,049</u>	<u>-</u>	<u>254,049</u>
	<u>\$928,074</u>	<u>\$462,970</u>	<u>\$1,391,044</u>
<i>Notes to financial statements:</i>			
Deposits	\$673,679	\$462,970	\$1,136,649
Investments	254,049	-	254,049
Cash on hand	<u>346</u>	<u>-</u>	<u>346</u>
	<u>\$928,074</u>	<u>\$462,970</u>	<u>\$1,391,044</u>

**Township of Leighton**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 2 - CASH AND INVESTMENTS (Continued):**

*a) Deposits:*

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township Treasurer. Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in accounts of federally-insured banks, credit unions, and savings and loan associations. At March 31, 2004, the Township has deposits with a carrying amount of \$673,679 and a bank balance of \$681,710. Of the bank balance, \$303,015 is covered by federal depository insurance and \$378,695 is uninsured.

The Commission's cash is deposited with financial institutions authorized by statute. At March 31, 2004, the Commission has deposits with a carrying amount of \$462,970 and a bank balance of \$468,720. Of the bank balance, \$300,000 is covered by federal depository insurance and \$168,720 is uninsured.

*b) Investments:*

State statutes authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper, with three highest rate classifications by at least two rating services, maturing not later than 270 days; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; e) mutual funds that invest in investments allowed by state statute; and f) investment pools organized under the local government investment pool act.

The Township's investments consist of repurchase agreements. Such investments are reported at cost, which approximates fair value. The repurchase agreements are risk category 3 investments, which are uninsured and unregistered, and collateralized by securities held by a bank but not in the Township's name.

**NOTE 3 - FIXED ASSETS:**

The following is a schedule of changes in general fixed assets of the Township during the year ended March 31, 2004:

	<i>Balance April 1, 2003</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance March 31, 2004</i>
GENERAL:				
Land	\$ 64,543	\$ -	\$ -	\$ 64,543
Buildings	669,755	2,357	-	672,112
Land improvements	48,246	-	-	48,246
Machinery and equipment	49,065	-	-	49,065
Office equipment	<u>120,025</u>	<u>15,100</u>	<u>-</u>	<u>135,125</u>
Total general	<u>951,634</u>	<u>17,457</u>	<u>-</u>	<u>969,091</u>



**Township of Leighton**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 3 - FIXED ASSETS (Continued):

	<i>Balance April 1, 2003</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance March 31, 2004</i>
FIRE DEPARTMENT:				
Land and improvements	\$ 16,979	\$ 6,951	\$ -	\$ 23,930
Buildings	134,037	-	-	134,037
Vehicles and equipment	<u>572,660</u>	<u>1,250</u>	<u>-</u>	<u>573,910</u>
Total fire department	<u>723,676</u>	<u>8,201</u>	<u>-</u>	<u>731,877</u>
Investment in general fixed assets	<u>\$1,675,310</u>	<u>\$25,658</u>	<u>\$ -</u>	<u>\$1,700,968</u>

NOTE 4 - FIXED ASSETS - COMPONENT UNIT:

The fixed assets of the Commission are comprised of the following as of March 31, 2004:

Land	\$ 138,782
Sewage system	3,837,472
Site improvements	16,560
Equipment	<u>25,077</u>
Total cost	4,017,891
Less accumulated depreciation	<u>(1,572,647)</u>
Net book value	<u>\$ 2,445,244</u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES:

The amounts of interfund receivables and payables at March 31, 2004, are as follows:

<i>Fund</i>	<i>Interfund receivables</i>	<i>Fund</i>	<i>Interfund payables</i>
General	\$ 2,158	Tax Collection	\$ <u>2,524</u>
Street Lights	9		
Library	133		
Roads	116		
Public Safety	<u>108</u>		
	<u>2,524</u>		
Library	38,408	General	<u>38,890</u>
Street Lighting	<u>482</u>		
	<u>38,890</u>		

**Township of Leighton**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES (Continued):

General	\$ <u>98,393</u>	Road Trust and Agency	\$ 98,325 <u>68</u>
			<u>98,393</u>
	<u>\$139,807</u>		<u>\$139,807</u>

NOTE 6 - LONG-TERM DEBT:

Long-term debt at March 31, 2004, is comprised of the following issues:

*Primary government:*

*General long-term debt:*

\$147,000 note payable for the purchase of a fire truck; payable in annual installments of \$29,400, plus interest at 5.50%; final payment due August 2005

\$ 58,800

*Discretely presented component unit:*

*General long-term debt:*

\$600,000 2002 Sewer disposal system revenue bonds - payable in annual installments of \$50,000, plus interest at 3.60% to 4.65%; final payment due April 2012

500,000

Less unamortized discount

9,600

Net discretely presented component unit

490,400

Total long-term debt

\$549,200

A summary of long-term debt transactions of the Township for the year ended March 31, 2004, is as follows:

	<u>Primary Government</u>	<u>Component unit</u>	<u>Total reporting entity</u>
Balance - April 1, 2003	\$ 88,200	\$550,000	\$638,200
Issuance	-	-	-
Debt retirements	<u>(29,400)</u>	<u>(50,000)</u>	<u>(79,400)</u>
Balance - March 31, 2004	<u>\$ 58,800</u>	<u>\$500,000</u>	<u>\$558,800</u>

**Township of Leighton**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 6 - LONG-TERM DEBT (Continued):

The annual requirements to amortize all debt outstanding at March 31, 2004, including interest of \$117,437, are as follows:

	<u>Primary Government</u>	<u>Component unit</u>	<u>Total reporting entity</u>
2005	\$32,634	\$ 10,544	\$ 43,178
2006	31,017	75,098	106,115
2007	-	73,063	73,063
2008	-	75,818	75,818
2009	-	73,373	73,373
Thereafter	-	<u>295,090</u>	<u>295,090</u>
	<u>\$63,651</u>	<u>\$602,986</u>	<u>\$666,637</u>

NOTE 7 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS:

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the functional level.

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds, which were in excess of the amounts appropriated.

The following schedule sets forth significant budget variations.

<u>Fund</u>	<u>Function</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	Public works	\$187,554	\$296,958	\$109,404
	Community and economic development	34,300	55,626	21,326
	Debt service - principal	-	29,400	29,400
	Debt service - interest	-	4,887	4,887
	Other financing uses	-	3,828	3,828
Road	Other financing uses	80,000	168,641	88,641
Street Lighting	Public works	11,434	16,576	5,142
Public Safety	Other financing uses	40,000	44,458	4,458

**Township of Leighton**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 8 - DEFINED CONTRIBUTION PENSION PLAN:**

The Township provides pension benefits for all of its employees except volunteer firemen and seasonal employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Michigan state statute assigns the authority to establish and amend benefit provisions to the Township Board of Trustees. Employees are eligible to participate from the date of employment. The Township is required to contribute 10% - 25% of each qualified employee's base salary to the plan. The Township's contributions are fully vested immediately. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

The Township and employees made required contributions of \$7,328 and \$2,442, respectively.

**NOTE 9 - CLAIMS ARISING FROM RISKS OF LOSS:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 10 - CONSTRUCTION CODE ACT:**

A summary of construction code enforcement transactions for the year ended March 31, 2004, are as follows:

Revenues	\$82,935
Expenses	<u>73,064</u>
Excess of revenues over expenses	<u>\$ 9,871</u>

## **SUPPLEMENTARY INFORMATION**

**Township of Leighton****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - General Fund***Year ended March 31, 2004*

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	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES:			
Taxes:			
Property taxes	\$ 108,358	\$ 107,772	\$ (586)
Trailer park fees	1,000	962	(38)
Tax collection fees	<u>46,500</u>	<u>53,558</u>	<u>7,058</u>
Total taxes	<u>155,858</u>	<u>162,292</u>	<u>6,434</u>
Licenses and permits:			
Building permits	100,000	82,935	(17,065)
Franchise fees	<u>9,500</u>	<u>11,194</u>	<u>1,694</u>
Total licenses and permits	<u>109,500</u>	<u>94,129</u>	<u>(15,371)</u>
State grants	<u>276,400</u>	<u>258,387</u>	<u>(18,013)</u>
Charges for services:			
Zoning fees	15,000	8,775	(6,225)
Cemetery operations	<u>7,000</u>	<u>5,950</u>	<u>(1,050)</u>
Total charges for services	<u>22,000</u>	<u>14,725</u>	<u>(7,275)</u>
Interest and rentals	<u>12,400</u>	<u>3,866</u>	<u>(8,534)</u>
Other:			
Refunds and reimbursements	6,200	4,354	(1,846)
Miscellaneous	<u>4,000</u>	<u>4,129</u>	<u>129</u>
Total other	<u>10,200</u>	<u>8,483</u>	<u>(1,717)</u>
Total revenues	<u>586,358</u>	<u>541,882</u>	<u>(44,476)</u>

**Township of Leighton****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - General Fund (Continued)**

Year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES:			
Legislative - Township Board	\$ 5,360	\$ 5,160	\$ 200
General government:			
Supervisor	9,600	9,600	-
Elections	8,100	5,569	2,531
Assessor	34,800	33,911	889
Clerk	23,500	19,760	3,740
Board of review	1,600	1,320	280
Treasurer	25,000	21,960	3,040
Township hall	24,500	18,115	6,385
Cemetery	10,000	9,082	918
Legal and audit	15,500	16,945	(1,445)
Other	48,900	40,874	8,026
Total general government	201,500	177,136	24,364
Public safety:			
Police protection	50,400	48,187	2,213
Fire department	133,100	118,388	14,712
Building inspections	100,000	73,065	26,935
Total public safety	283,500	239,640	43,860
Public works:			
Roads	164,354	275,203	(110,849)
Drains	22,000	20,555	1,445
Recycling	1,200	1,200	-
Total public works	187,554	296,958	(109,404)
Recreation and cultural - parks and recreation	3,000	1,589	1,411
Community and economic development - planning and zoning	34,300	55,626	(21,326)
Health and welfare - ambulance	5,000	5,000	-

**Township of Leighton****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - General Fund (Continued)**

Year ended March 31, 2004

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	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued):			
Capital outlay	\$ 40,450	\$ 30,169	\$ 10,281
Debt service:			
Principal	-	29,400	(29,400)
Interest	-	4,887	(4,887)
Total expenditures	760,664	845,565	(84,901)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(174,306)	(303,683)	(129,377)
OTHER FINANCING SOURCES (USES):			
Transfer from Road Fund	80,000	168,641	88,641
Transfer from Public Safety Fund	40,000	44,458	4,458
Total transfers in	120,000	213,099	93,099
Transfer to Street Lighting Fund	-	(3,828)	(3,828)
Total other financing sources	120,000	209,271	89,271
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(54,306)	(94,412)	(40,106)
FUND BALANCE - BEGINNING OF YEAR	287,425	287,425	-
FUND BALANCE - END OF YEAR	\$ 233,119	\$ 193,013	\$ (40,106)



**Township of Leighton**  
**COMBINING BALANCE SHEET - special revenue funds**  
 March 31, 2004

	<u>Road Fund</u>	<u>Street Lighting Fund</u>	<u>Public Safety Fund</u>
ASSETS			
Cash	\$ 182,951	\$ -	\$ 348,585
Investments	-	-	-
Receivables:			
Taxes	8,268	-	7,620
Special assessments	-	777	-
Due from other funds	<u>116</u>	<u>491</u>	<u>108</u>
TOTAL ASSETS	<u>\$ 191,335</u>	<u>\$ 1,268</u>	<u>\$ 356,313</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	\$ -	\$ 1,268	\$ -
Due to other funds	98,325	-	-
Customer deposits	<u>3,000</u>	<u>-</u>	<u>-</u>
Total liabilities	101,325	1,268	-
FUND BALANCE:			
Unreserved - undesignated	<u>90,010</u>	<u>-</u>	<u>356,313</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 191,335</u>	<u>\$ 1,268</u>	<u>\$ 356,313</u>

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<i>Library Fund</i>	<i>Totals</i>
\$ 68,805	\$ 600,341
201,595	201,595
9,690	25,578
-	777
38,541	39,256
<u>\$ 318,631</u>	<u>\$ 867,547</u>

\$ (63)	\$ 1,205
-	98,325
-	3,000
<u>(63)</u>	<u>102,530</u>
318,694	765,017
<u>\$ 318,631</u>	<u>\$ 867,547</u>

**Township of Leighton****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - special revenue funds***Year ended March 31, 2004*

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	<i>Road Fund</i>	<i>Street Lighting Fund</i>	<i>Public Safety Fund</i>
REVENUES:			
Taxes	\$ 131,540	\$ -	\$ 121,193
State grants	-	-	-
Fines and forfeitures	-	-	-
Interest	4,299	-	3,170
Other	<u>20,000</u>	<u>12,083</u>	<u>-</u>
Total revenues	<u>155,839</u>	<u>12,083</u>	<u>124,363</u>
EXPENDITURES:			
Public works	-	16,576	-
Recreation and cultural	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>16,576</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>155,839</u>	<u>(4,493)</u>	<u>124,363</u>
OTHER FINANCING SOURCES (USES):			
Transfer from other funds	-	3,828	-
Transfer to other funds	<u>(168,641)</u>	<u>-</u>	<u>(44,458)</u>
Total other financing sources (uses)	<u>(168,641)</u>	<u>3,828</u>	<u>(44,458)</u>
EXCESS (DEFICIENCY) OF REVENUES OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(12,802)	(665)	79,905
FUND BALANCE - BEGINNING OF YEAR	<u>102,812</u>	<u>665</u>	<u>276,408</u>
FUND BALANCE - END OF YEAR	<u>\$ 90,010</u>	<u>\$ -</u>	<u>\$ 356,313</u>

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<i>Library Fund</i>	<i>Totals</i>
\$ 154,164	\$ 406,897
475	475
25,708	25,708
1,462	8,931
750	32,833
<u>182,559</u>	<u>474,844</u>
-	16,576
113,866	113,866
<u>11,699</u>	<u>11,699</u>
<u>125,565</u>	<u>142,141</u>
<u>56,994</u>	<u>332,703</u>
-	3,828
<u>-</u>	<u>(213,099)</u>
<u>-</u>	<u>(209,271)</u>
56,994	123,432
<u>261,700</u>	<u>641,585</u>
<u>\$ 318,694</u>	<u>\$ 765,017</u>

**Township of Leighton****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - Road Fund***Year ended March 31, 2004*

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	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES:			
Taxes	\$ 132,338	\$ 131,540	\$ (798)
Interest	-	4,299	4,299
Other	<u>-</u>	<u>20,000</u>	<u>20,000</u>
Total revenues	132,338	155,839	23,501
OTHER FINANCING USES:			
Transfer to General Fund	<u>(80,000)</u>	<u>(168,641)</u>	<u>(88,641)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER OTHER USES	52,338	(12,802)	(65,140)
FUND BALANCE - BEGINNING OF YEAR	<u>102,812</u>	<u>102,812</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 155,150</u>	<u>\$ 90,010</u>	<u>\$ (65,140)</u>

**Township of Leighton****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - *Street Lighting Fund****Year ended March 31, 2004*

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	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES:			
Other - special assessments	\$ 12,434	\$ 12,083	\$ (351)
EXPENDITURES:			
Public works - street lighting	<u>11,434</u>	<u>16,576</u>	<u>(5,142)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,000	(4,493)	(5,493)
OTHER FINANCING SOURCES:			
Transfer from General Fund	<u>-</u>	<u>3,828</u>	<u>3,828</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	1,000	(665)	(1,665)
FUND BALANCE - BEGINNING OF YEAR	<u>665</u>	<u>665</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,665</u>	<u>\$ -</u>	<u>\$ (1,665)</u>

***Township of Leighton*****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - *Public Safety Fund****Year ended March 31, 2004*

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	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES:			
Taxes	\$ 121,976	\$ 121,193	\$ (783)
Interest	<u>-</u>	<u>3,170</u>	<u>3,170</u>
Total revenues	121,976	124,363	2,387
OTHER FINANCING USES:			
Transfer to General Fund	<u>(40,000)</u>	<u>(44,458)</u>	<u>(4,458)</u>
EXCESS OF REVENUE OVER OTHER USES	81,976	79,905	(2,071)
FUND BALANCE - BEGINNING OF YEAR	<u>276,408</u>	<u>276,408</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 358,384</u>	<u>\$ 356,313</u>	<u>\$ (2,071)</u>

**Township of Leighton****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - Library Fund***Year ended March 31, 2004*

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	<i><u>Budget</u></i>	<i><u>Actual</u></i>	<i><u>Variance favorable (unfavorable)</u></i>
REVENUES:			
Taxes	\$ 203,768	\$ 154,164	\$ (49,604)
State grants	-	475	475
Fines and forfeitures	17,000	25,708	8,708
Interest	-	1,462	1,462
Miscellaneous	-	750	750
	<u>220,768</u>	<u>182,559</u>	<u>(38,209)</u>
Total revenues			
EXPENDITURES:			
Recreation and cultural	138,630	113,866	24,764
Capital outlay	20,000	11,699	8,301
	<u>158,630</u>	<u>125,565</u>	<u>33,065</u>
Total expenditures			
EXCESS OF REVENUES OVER EXPENDITURES	62,138	56,994	(5,144)
FUND BALANCE - BEGINNING OF YEAR	<u>261,700</u>	<u>261,700</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 323,838</u>	<u>\$ 318,694</u>	<u>\$ (5,144)</u>



**Township of Leighton****STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - all agency funds**

Year ended March 31, 2004

	<i>Balance April 1, 2003</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance March 31, 2004</i>
<b>TRUST AND AGENCY FUND</b>				
<b>ASSETS</b>				
Cash	\$ 4,361	\$ 73,527	\$ 68,418	\$ 9,470
<b>LIABILITIES</b>				
Due to other funds	\$ 3,421	\$ 42,158	\$ 45,511	\$ 68
Due to other governmental units	940	31,369	22,907	9,402
<b>TOTAL LIABILITIES</b>	<u>\$ 4,361</u>	<u>\$ 73,527</u>	<u>\$ 68,418</u>	<u>\$ 9,470</u>
<b>TAX COLLECTION FUND</b>				
<b>ASSETS</b>				
Cash	\$ 210,229	\$ 4,501,411	\$ 4,680,140	\$ 31,500
Due from other funds	3,376	-	3,376	-
<b>TOTAL ASSETS</b>	<u>\$ 213,605</u>	<u>\$ 4,501,411</u>	<u>\$ 4,683,516</u>	<u>\$ 31,500</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 42,990	\$ 540,997	\$ 581,463	\$ 2,524
Due to other governmental units	170,422	3,928,290	4,069,736	28,976
Due to others	193	32,124	32,317	-
<b>TOTAL LIABILITIES</b>	<u>\$ 213,605</u>	<u>\$ 4,501,411</u>	<u>\$ 4,683,516</u>	<u>\$ 31,500</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash	\$ 214,590	\$ 4,574,938	\$ 4,748,558	\$ 40,970
Due from other funds	3,376	-	3,376	-
<b>TOTAL ASSETS</b>	<u>\$ 217,966</u>	<u>\$ 4,574,938</u>	<u>\$ 4,751,934</u>	<u>\$ 40,970</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 46,411	\$ 583,155	\$ 626,974	\$ 2,592
Due to other governmental units	171,362	3,959,659	4,092,643	38,378
Due to others	193	32,124	32,317	-
<b>TOTAL LIABILITIES</b>	<u>\$ 217,966</u>	<u>\$ 4,574,938</u>	<u>\$ 4,751,934</u>	<u>\$ 40,970</u>